

Hearing Date: August 18, 2016 at 2:00 p.m. (Eastern)
Objection Deadline: August 5, 2016 at 4:00 p.m. (Eastern)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

GAWKER MEDIA, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 16-11700 (SMB)
Jointly Administered

Related to Docket Nos. 21 and 123

**RESERVATION OF RIGHTS OF DR. SHIVA AYYADURAI AND ASHLEY
TERRILL REGARDING DEBTORS' MOTION AUTHORIZING, *INTER ALIA*,
THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS
FREE AND CLEAR OF ALL CLAIMS, LIENS, RIGHTS, INTERESTS AND
ENCUMBRANCES, AND (B) APPROVING THE ASSET PURCHASE AGREEMENT**

Shiva Ayyadurai and Ashley Terrill (collectively, the "Parties"), by their undersigned counsel, file this joint Reservation of Rights (the "Reservation") regarding the *Debtors' Motion for (I) an Order (A) Authorizing and Approving Bidding Procedures, Breakup Fee and Expense Reimbursement, (B) Authorizing and Approving the Debtors' Entry Into and Assumption of the Stalking Horse Asset Purchase Agreement, (C) Approving Notice Procedures, (D) Scheduling A Sale Hearing and (E) Approving Procedures for Assumption and Assignment of Certain*

¹ The last four digits of the taxpayer identification number of the Debtors are: Gawker Media LLC (0492); Gawker Media Group, Inc. (3231); and Kinja Kft. (5056).

Contracts and Leases and Determining Cure Amounts and (II) an Order (A) Authorizing the Sale of Substantially All of the Debtors' Assets Free and Clear of All Claims, Liens, Rights, Interests and Encumbrances, (B) Approving the Asset Purchase Agreement (the "APA") and (C) Authorizing the Debtors to Assume and Assign Certain Executory Contracts and Unexpired Leases, dated June 13, 2016 [Docket No. 21] (the "Sale Motion"), and respectfully represent as follows:

BACKGROUND

The Chapter 11 Cases

1. On June 10, 2016, Gawker Media LLC filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Court"). On June 12, 2016 Gawker Media Group, Inc. and Kinja Kft. filed for relief under chapter 11 of the Bankruptcy Code with the Court.

2. The Debtors' cases are being jointly administered and the Debtors continue to operate their businesses and properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed.

3. On June 24, 2016, the Office of the United States Trustee (the "U.S. Trustee") formed the official committee of unsecured creditors (the "Committee"). The Committee has retained counsel and financial advisors; the retention applications for these professionals have not yet been approved by the Court.

Dr. Shiva Ayyadurai and Ashley Terrill

4. Dr. Shiva Ayyadurai is a world-renowned scientist, inventor, lecturer, philanthropist and entrepreneur. Ashley Terrill is a journalist, researcher, writer and producer.

Each is a general unsecured creditors of Gawker Media, LLC and serves as a member of the Committee. Dr. Ayyadurai and Ms. Terrill are filing this Reservation of Rights in their capacities as individual creditors and not in their capacity as members of the Committee.

5. Prepetition, Dr. Ayyadurai and Ms. Terrill filed individual complaints against the Debtor, Gawker Media, LLC and other in the following actions:

- a. *Shiva Ayyadurai v. Gawker Media, LLC, Sam Biddle, John Cook, Nicholas Guido Anthony Denton, et al.*², pending in the United States District Court for the District of Massachusetts, Case No. 1:16-cv-10853 (the “Ayyadurai Complaint”); and
- b. *Ashley Terrill v. Gawker Media, LLC, Sam Biddle, John Cook, Nicholas Guido Denton, et al.*, pending in the United States District Court for the Southern District of New York, Case No. 1:16-cv-00411 (the “Terrill Complaint”, collectively with the Ayyadurai Complaint, the “Complaints”).

6. In their Complaints, Dr. Ayyadurai and Ms. Terrill each allege multiple causes of action against the Defendants for, among other things, routinely engaging in wrongful conduct by writing and publishing false and defamatory statements about each that appeared in one or more of Gawker Media’s publications. As a result of the Defendants’ acts, Dr. Ayyadurai and Ms. Terrill each suffered significant damage to their personal and professional reputations. Each is seeking damages in excess of \$10 million. The Debtors have been embroiled in other similar lawsuits. One of them concluded prepetition with the entry of a judgment in excess of \$140 million against the Debtors and other defendants. This judgment precipitated the filing of the Debtors’ bankruptcy cases. All of the lawsuits have been stayed by the bankruptcy filings of the Debtors and one of the Defendants, Nicholas Denton.

² *Gawker Media, LLC, Sam Biddle, John Cook, Nicholas Guido Anthony Denton, et al.* are collectively referred to the “Defendants”.

RESERVATION OF RIGHTS

7. Presently, the Debtors are seeking to sell substantially all of their assets free and clear of all claims, liens, rights, interests and encumbrances to a third party pursuant to the APA. Dr. Ayyadurai and Ms. Terrill support the sale of the Debtors' assets because they believe that will maximize value for all creditors. They also believe that new ownership will have a salutary impact on the Debtors' business and will lead to a healthier journalistic culture that will avoid the irresponsible and malicious conduct that gave rise to the lawsuits filed against the Debtors. Simply put, Dr. Ayyadurai and Ms. Terrill hope that after the conclusion of the proposed transaction, no other parties will suffer the same malicious damage to their reputations as they (and other parties) have.

8. Dr. Ayyadurai and Ms. Terrill are aware that the Debtors have not removed the defamatory material that was cited in their Complaints. Undersigned counsel for Dr. Ayyadurai and Ms. Terrill has discussed this situation with counsel for the Stalking Horse Bidder to seek a consensual resolution with respect to the disputed material. The goal of such a resolution would be, on the one hand, to enable Dr. Ayyadurai and Ms. Terrill to proceed with their careers and lives and, on the other, to enable the new owner of the Debtors to succeed to the Debtors' assets unencumbered by litigation involving Dr. Ayyadurai and Ms. Terrill. As these negotiations are still pending, Dr. Ayyadurai and Ms. Terrill are filing this Reservation of Rights to avoid waiving their individual opportunities to be heard at the hearing on the Sale Motion currently scheduled for August 18, 2016 if no resolution occurs.

9. Dr. Ayyadurai and Ms. Terrill individually and jointly reserve their right to amend and/or supplement this Reservation of Rights as additional information becomes available or events develop.

Dated: Brooklyn, New York
August 5, 2016

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